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A.M.A. NEWS LETTER

AMERICAN MANAGEMENT ASSOCIATION, 20 VESEY STREET, NEW YORK, N. Y.

DECEMBER 19, 1934

New Size Leads In Publication Voting

190 Members Favor Larger Size For AMA Pamphlets.

Members of the association voting in the current questionnaire effort to determine whether a change in the size of AMA publications is desired show a majority opinion so far in favor of a larger size.

With voting still going on, the record of tabulated returns so far is as follows: For the new suggested size (8½ x 11 inches), 190 votes; for the present size (6 x 9 inches), 93 votes; no preference, 44 votes.

Those who have gone on record in favor of enlarging the dimensions of the publications say, in most cases, that the new size will better fit their letter files. Those holding out for the present size, say it better fits their library files.

Expressions of choice are desired from all members. Those who have not yet voted are urged to do so at once, in order that early decision in this matter may be reached.

PERSONNEL CONFERENCE PLANNED FOR FEBRUARY

In an effort to match present day business problems with the latest developments in personnel technique and thought, the Personnel Division of the association announces that a Personnel and Industrial Relations Conference will be held from February 6 to 8 at Hotel Schenley, Pittsburgh, Pa.

Planning for the conference is going forward under the leadership of Harold B. Bergen, vice-president of AMA in charge of the Personnel Division. He announces that topics coming up for thorough discussion at the conference will include "Collective Bargaining", "Getting Facts for Administrative Personnel Policies", "Getting Information to Employees", "Training Problems", "Wage and Salary Administration" and "Personnel Problems of Technological Change".

The entire last day will be devoted to Unemployment Insurance and Economic Security plans.

Important leaders in business and industry will take part in the conference as speakers and as leaders in the general discussions.

GETTING THE DAY'S WORK DONE

The American Management Association is properly described as a "non-profit organization of professional executives whose job it is to get the day's work done." How our members get the day's work done—how they meet a multiplicity of management problems as they come up in the day's work—form the background for a hundred and one little adventure and success stories. As announced last month, the *AMA News Letter* wants to publish these stories and invites contributions from the members.

Here is the plan. Each month one or more pertinent questions concerned with management problems will be published. The answers to these questions—short and to the point—will be published also. Perhaps in time the accumulated material might be used as the basis for a paper interesting enough and important enough to be published in *The Management Review* or *Personnel*.

Below is the second question in the series, together with an interesting answer. Members, please follow this lead by sending in questions and answers.

The Second Question:

"What fundamental principle underlies the establishment of training courses?"

The Answer:

An experienced manager who has established many training courses says: "There is no substitute for securing from an adequate number of trained and efficient employees in the special line involved a 'log' of one day's work, the 'log' stating what was done, why it was done, what the employee had to know in order to do it, and, particularly, what things the employee felt should have been done if he had the knowledge and authority to act."

New Reprint Series Inaugurated By AMA

Hereafter, the Association will supply from time to time reprints of important articles from other sources. These will be put into a Special Reprint Series and will be sold to members for a small sum.

The first paper in the new series is "A Scientific Routine for Stock Control", by R. H. Wilson of the Bell Telephone Laboratories, and is reprinted from the *Harvard Business Review* for October, 1934. G. L. Harris, vice-president of AMA in charge of the Office Management Division, says:

"This article is really a mathematical treatise. Mr. Wilson has developed some original and interesting formulae, but his discussion, however, is highly technical. It undoubtedly will be of value to those who are interested in the mathematical background of stock control."

Members can secure copies at a cost of twenty-five cents from AMA headquarters, No. 20 Vesey Street, New York.

Insurance Division Conference In April

The broad sweep of insurance problems as related to present day business conditions will be covered in the program for the conference of the Insurance Division of the Association which will be held at Chalfonte-Haddon Hall, Atlantic City, in April. The tentative dates are Monday and Tuesday, the 8th and 9th.

Arrangements for the meeting are being made under the leadership of J. Albert Robinson, vice-president of AMA in charge of the Insurance Division. He announces that important topics suggested for discussion in the Atlantic City sessions include "Needed Reforms in Fire Policies and Ratings of These Policies", "Fraudulent Claims", "Industrial Pensions", "Unsuspected and Unutilized Possibilities of In land Marine Insurance" and "Fidelity Bonds".

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THE A.M.A.

A non-profit organization of professional executives whose job it is to get the day's work done - Practical solutions of practical problems.

EXECUTIVES HEAR PRESIDENT OF AMA

Col. Rorty Speaks At Meetings In Philadelphia And Boston

Two important management groups recently have heard talks based on the AMA publication "A Background for Labor Relations" given by Col. M. C. Rorty, president of the American Management Association. One of the talks was given before the Executives Club of the Boston Chamber of Commerce on November 20. Approximately 100 Boston and New England business leaders heard the address.

On the night of Monday, December 17, Colonel Rorty addressed the Sales Managers' Association of Philadelphia. His talk, entitled "The Responsibilities of Management", was partly based on the labor relations pamphlet and partly on recent studies made by the AMA president in connection with proposed social legislation and other interesting present-moment public questions.

Colonel Rorty said to the Philadelphia executives, among other things: "When the history of these days is finally written—and these are truly historic times—it will, I believe, be said that, in this very month of December of the year 1934, the sound judgment, the experience, the intelligence and the human-minded patriotism of the American people for the first time arrived at considered conclusions as to the problems of the great depression."

President Rorty is the author of "A Background for Labor Relations".

From the Prospectus:

"The work of the American Management Association offers an interesting and exciting field for the talents of the ranking executive in any company or corporation, as well as for the men who are junior to him in the matter of responsibility."

DESIGNS CERTIFICATES FOR PACKAGING SHOW

Certificates to be given to winners under the Wolf and American Management Association Awards in the 5th Packaging Exposition & Conference of AMA to be held in Chicago March 5 to 8 next have been specially designed by Gilbert Farrar, noted artist and expert in typography.

Mr. Farrar is typographic counsellor for the American Type Founders Sales Corporation and director of typography for the Conde Nast Press.

Two Divisions Plan To Hold Joint Conference

Acting in concert to solve current problems in production and plant administration, the Job Order and Mass Production Divisions of AMA will hold a joint conference next March. The place of meeting will be either Cleveland or Detroit.

Preliminary plans for the conference were discussed at a meeting on December 6 in New York. Those present were Glenn Gardiner, vice-president in charge of Mass Production; O. D. Reich, in charge of Job Order Production; Professor Charles W. Lytle of the College of Engineering, New York University, and Alvin E. Dodd, executive vice-president of the AMA.

"How can time, motion and methods studies be applied to the job order business?" is one of the major topics to be included in the conference program. "Special problems of organization in depression and revival" is another important subject to be taken up. Other present moment problems to be discussed include "The economics of the introduction of improved and specialized equipment", "How far code requirements have disturbed the operations of wage incentive plans" and "Mass production problems in highly seasonal industries".

Members of the association interested in the joint Mass Production & Job Order Production Conference are urged to register their choice of a meeting place as between Detroit and Cleveland with either of the division chairmen or with Mr. Dodd at AMA headquarters.

New Ideas Noted In Package Show Plans

Special "Days" Will Dramatize Present Day Problems In Packaging.

New ideas and new planning mark arrangements being made for the 5th Packaging Exposition and Conference of the association to be held at the Palmer House, Chicago, from March 5 to 8 next. The opening day of the Conference will be known as Progress Day and its program will be featured by special talks outlining the developments in packaging up to date.

The second day of the show will be Marketing Day and the third will be Production Day. Friday, March 8, will be Industries Day, its program calling for outlines of the use of modern packaging in the various industries. There will be interesting packaging clinics on the afternoons of Wednesday and Friday, March 6 and 8.

In order to give full recognition to special problems in adequate preparation of products for transport in this country and abroad, there will be a Conference & Clinic on Packing and Shipping Thursday afternoon, March 7. Leading authorities in the transport and packaging fields will be program speakers.

Another new feature of the show this year will be the recently announced new series of AMA awards for distinctive merit in packaging design and for distinctive merit in technical packaging development. These will be in addition to the Irwin D. Wolf Trophy given annually at the Packaging Exposition and Conference. Receiving dates for entries in these award competitions are January 19 to February 4, 1935.

Special rates of fare and one-third of the current one way first class fare have been granted by the railroads for those attending the Fifth Packaging Exposition and Conference. This is contingent upon an attendance of 100 or more. Return tickets will be limited to thirty days.

This digest covers the views of various authorities. It does not include any strictly confidential information nor specific services from the sources.

BUSINESS CONDITIONS

Vol. 7 No. 12

December, 1934

	ALEXANDER HAMILTON INSTITUTE	BABSON STATISTICAL ORGANIZATION	BROOKMIRE, INC.	THOMAS GIBSON	SILVERMASTER
GENERAL OUTLOOK	The cheerful outlook for factory output for the end of this year is not favorable as far as 1935 is concerned. It means a postponement of the corrective movement from which industrial activity is likely to suffer next year (December 1).	General business is improving and should continue to do so for the remainder of this year. Fundamental conditions are now distinctly encouraging to initiative and innovation (December 3).	Recovery is now progressing well. Momentum will be given general business by automobile production, and a good spring rise may occur (December 5). The outlook justifies business management in formulating expansion plans (December 12).	Temporarily such matters as a construction program instead of direct relief, Government control of banks, and salvaging of the NRA are being relegated to the background. Recovery is in the ascendency over experimentation (December 7).	There is no evidence in the figures of the member banks to indicate that the needed expansion in bank credit is definitely underway (December 7).
MONEY AND CREDIT	As further currency depreciation would adversely affect foreign trade and handicap business and commercial revival in many countries, international cooperation for de facto stabilization of principal currencies may result (December 1).	Christmas club savings now being distributed throughout the country amount to \$370,000,000, an increase of 6% over last year's total (December 10).	Alarm about Federal spending is exaggerated. Comparison of debt charges with national income and of public debts with national income indicates that it would be feasible for the Government to service a debt of 60 billion dollars (December 5).	The advance of security prices which was due to the combination of a very low price level and the lodging of securities in very strong hands indicates that the market is anticipating an upward trend in general trade (November 30).	The volume of electrical power taken by industrial users is up, indicating that industrial output is on the rise (December 14).
SECURITY MARKETS	Forward movement in bonds underlies the better action of the share market. As yields on best securities are forced lower, chances increase of an overflow yielding a small return into junior securities or equities (December 6).	The industrial sector of the market is least handicapped by political uncertainties and betterment in individual situations is quickly translated into higher stock prices (December 10).	Advantage should be taken of present opportunities to liquidate high-grade, low-yield, long-term bonds with a view to reinvesting currently in higher yielding securities, or in high-grade long-term bonds at lower price levels (December 12).		
PRODUCTION	Factory output in 1935 may be neither as large as the estimated demand nor as large as the 1934 production since it has often happened that after two years of expansion a recession has occurred (December 8).	Favorable trend of electric output shows an improvement in the smaller industries. Steel activity will continue to increase through March and April. December automobile production should show a 75% increase over November (December 3).	Maintenance of manufacturing activity is reflected in the seasonal rise of steel ingot production (December 12). Recovery persists as evinced by such weekly indicators as production of steel and electricity (December 8).		
DISTRIBUTION		Department store sales, in dollar value, are 11% ahead of a year ago; increase in unit volume is also reported. December figures should reflect improvement for both wholesale and retail trade (December 10).			
BUILDING			Building revival is on the way. Next spring will furnish a test of the building industry's capacity for recovery. The demand factor is becoming favorable, and great efforts will be made to facilitate financing of new construction (December 5).		
AGRICULTURE	Estimating on the basis of figures in the recovery after the 1921 depression, farm income has made its greatest gains in 1933 and 1934 and the increase in 1935 will be relatively small (December 8).	Through the use of loans made by the Farm Credit Administration, over 7,000 farms have been repossessed by their owners, indicating a definite improvement in the farm real estate situation (December 3).	Hogs are being slaughtered in substantial volume due to a maladjustment between feed supplies and the number of consuming animals. While there is hope of rising hog and cattle prices next year corn will continue strong (December 5).		
COMMODITY PRICES	Manufactured goods prices will not decline much in the near future because of the difficulties of reducing costs, nor will they advance much since higher raw material prices, taxes and wage rates are unlikely (December 1).	Wholesale commodity prices are now abreast of general recovery (December 3). Higher prices are forecast for the future. Despite a temporary drop in retail food prices, living costs will advance (December 10).	The outstanding development in the sphere of prices has been the rise in scrap steel. Heavier purchases by steel mills signify an expected increase in requirements (December 12).	The upward movement in corn is not yet over but at this time wheat is relatively cheaper than corn. The price of cotton will doubtless be helped if the deal with Germany goes through (December 7).	
FOREIGN TRADE AND CONDITIONS	Our foreign trade is hampered by inability of foreigners to obtain foreign exchange with which to pay for American exports. As increased imports are not favored, the solution is extension of medium term credits to nations needing our products (December 8).			Social unrest in France, Belgium, and Holland is growing and the groups favoring currency depreciation (inflation) are gaining strength. Financial conditions in Italy are also reaching a critical point (November 30).	
LABOR AND WAGES		There were fewer strikes in November than in any month since January. Labor troubles are not anticipated until seasonal difficulties next spring. Employment and payrolls are firming in reassuring manner (December 10).		It is quite obvious that such improvement in general trade as has taken place thus far has made no important inroads into the ranks of the unemployed (November 30).	

S AND FORECASTS

Prepared Monthly by the AMERICAN MANAGEMENT ASSOCIATION
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1934

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SILBERLING RESEARCH CORPORATION

Evidence demonstrates sufficient available spending power, principally in rural sections, to sustain the general trade and industrial activity of the country at present or higher levels at least over the next few months (December 1).

If the country's bulging credit resources are not soon set to work in the field most needing development—housing and construction—American finance will be on a dangerous and unsound course (December 8).

With sustained consumer demand, light inventories, and expanding building requirements industrial activity may reach satisfactory levels in the next few months (December 1).

The volume of distribution as marked by freight traffic in recent weeks is no better than 1933 at this season. Industrial activity gaged by freight traffic is not abreast of retail trade and rural trade specifically (December 8).

The reasonably successful renovation movement is not of major consequence to the general building industry. Government plans to build cheap houses with low interest on capital advances may be underway (December 1).

November foreign trade brought the largest monthly "favorable" balance since 1930 and our monetary gold stock has been increased since the beginning of this year by more than a billion dollars (December 8).

Need for lower costs in lines like building and chances of providing steadier labor income over the year may combat an insistent labor campaign to impose harsh terms on industry (December 1).

CLEVELAND TRUST COMPANY

Three readjustments in the economic machine would facilitate recovery: Abandonment of the NRA, steps toward a balanced budget, and a thorough revision of the Securities Act (December).

Uncontrolled inflation in 1935 is unlikely. An irregular and unplanned crystallizing of financial policy with reasonable stabilization of values is anticipated, as well as much debate about money (December).

Price fluctuations in the security markets next year are likely to be narrow and irregular. It will probably be difficult for the operator to make speculative profits, or to find safe refuge for conserving funds (December).

Output of automobiles should increase next year. Production of durable goods is likely to be restricted and general industrial production is forecast as no more than in July 1933 and no less than in March 1933 (December).

The volume of privately financed building construction will be small in 1935 (December).

Commodity prices next year will stubbornly refuse to rise far or fast (December).

Our financial policies in 1935 will probably impel other nations to retaliations, trade restrictions, and ill-will (December).

Serious unemployment will continue in 1935. Expenditures for unemployment relief will be very large, and taxes heavier (December).

GUARANTY TRUST COMPANY

A chief reason for increased cooperation between business and Administration is a desire for tangible recovery progress to forestall drastically experimental and unsettling legislation in Congress (November 26).

The liberalizing of foreign exchange restrictions by the Treasury, possibly a step toward dollar stabilization, was not followed by a "flight from the dollar" but by a movement of capital in the opposite direction (November 26).

Electric power production increased for the week ended November 10. Steel mill operations have advanced for several successive weeks. The textile industries have recovered sharply from the effects of the strike (November 26).

Wholesalers and retailers report consistently good sales and the holiday outlook is the best in recent years. Railway freight figures for the week ended November 10 exceeded 1933's figures for the first time since June (November 26).

The F. W. Dodge Corporation reports that construction contracts awarded last month were the largest since March and exceeded the September total by 23%. Particularly significant was the gain in residential contracts (November 26).

The International Wheat Advisory Committee predicts a worldwide wheat crisis due to intensive cultivation in Europe, return to normal production in U. S. and Canada, and high-pressure sales methods used in unloading surpluses (November 26).

The working off in coming months of surplus accumulations of hides (due to the drought) should raise domestic hide prices, now equaling record lows in foreign markets (November 26).

NATIONAL CITY BANK

Further Treasury disbursements and developments which will help the economic system to support itself such as encouragement of capital to seek investment and measures to increase residential building are factors in the 1935 outlook (December).

Due to continued large supplies of funds—member bank reserves reached a new high point of \$4,196,000,000 on November 21—current money rates have held at low levels for some time (December).

Government and other high-grade bonds are reflecting improved business sentiment, subsidence of inflation fears, and increase of bank reserves. High-grade corporation bonds reached new high prices for recent years (December).

Activity in the steel industry has risen to 28% of capacity from the low of 18 in September. Many woolen mills are in the best position with respect to spring orders that they have been in at this time in several years (December).

The National Dry Goods Association reports that department store sales in 70 cities in early November were 9.8% over 1933 in dollars and 9% in units—a better gain than in October (December).

Titles II and III of the National Housing Administration are aimed to improve methods of home financing and make mortgage loans more secure. If they work as expected their effects should outlast the emergency which inspired them (December).

\$283,000,000 of rental and benefit payments by the AAA will remain to be disbursed in 1935. This is half as great as the total for 1934 and disregards the new cotton, corn-hog, and other 1935 programs (December).

Currency stabilization—furthered in the United States by removal of foreign exchange restrictions—would remove a potent cause of distrust among nations and an inconvenience to trade (December).